

**From:** Sean J. Vaughan  
**To:** Microsoft ATR  
**Date:** 1/23/02 1:21pm  
**Subject:** Microsoft Settlement

The proposed anitrust settlement will not change Microsoft's behavior and will not be good for consumers or the software industry.

I am a software professional with a Computer Engineering degree from the University of Washington. As a student, I interned with Microsoft. I've worked for an Internet startup and did some consulting work with Microsoft. I currently work at the University of Washington as a lead of a Software Engineering group.

If the success of a company is to be measured by the rate of increase to shareholder value then Microsoft is the most successful company in civilization's history. They have achieved this \*because\* their highest and possibly only motivation is to increase shareholder value.

In software, you get tremendous value when you have a wide base of code and are able to integrate your code in elegant ways. For example, in a web browser, you need (at least) a networking stack and a reasonable Graphical User Interface as a software foundation before you can proceed. The problem is that it is almost invariably cheaper for an operating system company (Microsoft) to own the software foundations then license this technology from another company. If the operating system company does not have some sort of monopoly on distribution this situation isn't necessarily a problem.

The problem arises because Microsoft controls the distribution channels. The cost to consumers in terms of time and money of getting software that doesn't come with the computers they buy is high. In any new software market where Microsoft has a competitor, the only thing they need to do in order to take control and destroy the market is to put the software into their operating system. They then get to reap the future benefits of integration without the cost of competition.

This hinders competition because if a competing software company has software that becomes popular then sooner or later Microsoft will choose to enter the market. After Microsoft enters the market, the only way for a company to provide shareholder value is to sell the company to Microsoft or move into a different market.

The proposed settlement does very little to change this system.

Good Luck!  
--Sean

